

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	
	)	
<b>Reply to</b> Petition to Reject the Administrator’s	)	CC Docket No. 02-6
Discount Threshold Recommendation for	)	
Funding Year 2010	)	
	)	
Schools and Libraries	)	
Universal Support Mechanism	)	

CSM, Inc. (“CSM”) is submitting these comments in response to and in support of Funds for Learning, LLC’s petition to reject the Administrator’s discount threshold recommendation for FY2010. CSM is an E-Rate Management firm assisting applicants throughout the country achieve and maintain compliance with the myriad of rules, regulations, timelines and documentation requirements associated with the Schools and Libraries Support Mechanism (“SLSM”), AKA E-Rate program.

CSM is wholly supportive of the petition filed by our professional colleagues at FFL and without question believe that USAC’s recommendation to deny funding for Priority Two applications in FY2010 at 80% and below is premature.

As stated by FFL in their petition, FY2010 is the first year in many years in which Priority Two funding for the 80% discount band was a REAL possibility, prompting applicants who may have not applied regularly to jump through the hoops and put together plans and procurement to assure themselves a place at the funding table.<sup>1</sup> It seems counterintuitive that the Commission would deny funding below 81% when it has publicly committed itself to ensuring “*Predictable Internal Connections Funding for More Schools and Libraries*” as discussed in the recent E-Rate Broadband Notice of Proposed Rule Making (“NPRM”) released 5/20/10 where the Commission noted that the current structure provides the “...effect of providing funding to a limited number of school districts that have the very highest percentage of students eligible for free or reduced price school lunch, while providing nothing to other districts that are significantly impoverished. Today, the money effectively is channeled to school districts that have 75 percent or more students eligible for free or reduced-price school lunch.”<sup>2</sup> Clearly, the Commission understands the limitations of the fund cap and the challenge of meeting demand while ensuring the integrity of the fund. Unilaterally accepting USAC’s recommendation without a thorough review of the available funds, including historical data to analyze the possibility of additional, as yet unidentified funds made available throughout the PIA review process would unfairly disadvantage those applicants with the foresight to apply in the first place.

CSM submitted comprehensive comments to the NPRM noted above that consisted of robust data analyses and suggestions as to how the Commission might achieve its admirable goal of a more equitable

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<sup>1</sup> FFL petition at page 2 and 3

<sup>2</sup> [http://hraunfoss.fcc.gov/edocs\\_public/attachmatch/FCC-10-83A1.pdf](http://hraunfoss.fcc.gov/edocs_public/attachmatch/FCC-10-83A1.pdf), para 70 and 75

distribution of available Priority Two funding.<sup>3</sup> In those comments, CSM discussed that “*Under the current funding model, there is a fostering of the belief that schools, libraries, or other applicants with significant NSLP eligibility are ‘poorer’ or have a ‘greater need’ than applicants with a lower percentage of NSLP eligibility, from a dollars and cents perspective. This belief has been taken a step further in promoting the supposition that this very small pool of applicants has a greater need from a networking perspective as well, when in fact, every applicant in the country has the SAME need for support in achieving its network goals in order to first, best address the populations they serve, and second, to meet the goals and objectives of the National Broadband Plan.*”

*The reality is, there **is no** difference in the cost of a switch capable of layer three, QoS and POE in a school or library with 75% or more of its population eligible for the NSLP than in a school or library with only 25% of its population eligible for the NSLP. The same could be said for WLANs, fiber optic cabling, VoIP systems, and so forth. Additionally, after 13 years of program resources being effectively funneled to those whose need was determined by the high poverty level of their student populations, it could be argued that the tables have been turned and, in fact, the schools with low NSLP eligibility have become needy. The only thing ‘predictable’ about Internal Connections funding under the current model is that a preponderance of applicants will not receive ANY support – essentially a 0% discount - and that statistic is unacceptable. It is disheartening to look at the statistics of California applicants over the past few years. The pool of applicants receiving Internal Connections funding is shrinking, and indeed, most applicants don’t even bother to apply for Internal Connections funding as the likelihood of their being approved for funding is dismally low.”<sup>4</sup> Again, unilateral acceptance of USAC’s recommendation would serve a grave injustice to the “other significantly impoverished” applicants at the 80% discount level.*

We implore the Commission to give serious consideration to these comments and Funds for Learning’s petition before making the decision to accept USAC’s recommended P2 threshold for FY2010.

Respectfully submitted,

/s/ Kimberly M. Friends

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<sup>3</sup> <http://fjallfoss.fcc.gov/ecfs/document/view?id=7020520477>

<sup>4</sup> <http://fjallfoss.fcc.gov/ecfs/document/view?id=7020520477> page 17, para 1 and 2